

REMARKS/ARGUMENTS

This amendment cancels claims 9 and 20. Claims 1-8, 10-19, and 21 are pending in this application.

Reconsideration of the subject patent application and allowance of the claims are respectfully requested in view of the following remarks.

The specification has been amended at page 8 to address the objection to the disclosure set forth at page 2 of the office action.

Claims 1 through 21 have been rejected under 35 U.S.C. § 103(a) as being unpatentable over Ikeda et al. (U.S. Patent No. 5,937,391) ("Ikeda"). To support a rejection under 35 U.S.C. § 103, the examiner must show that the cited art teaches or suggests all elements of the rejected claims and, moreover, that a person of ordinary skill in the art would have been motivated to combine and/or modify the cited art in the manner asserted to derive the claimed invention. Applicant respectfully traverses this rejection on the grounds that Ikeda fails to teach or suggest all limitations of the rejected claims and the examiner has provided no reason why a person of ordinary skill would have been motivated to modify Ikeda to derive the claimed invention. The present invention relates to a system for award redemption. Awards are acquired through participating businesses and may vary depending on specific promotions that those businesses are offering. Once earned, an award may be used to acquire a good or service from a participating business. However, the acceptance of all awards is not equal because businesses may limit award redemption based on where and during what promotions they were earned. If an award is

not redeemable at a business it is encumbered. The more encumbrances an award has, lower the redemption opportunity of the award is. To provide the maximum value for the awards, the system determines the encumbrance levels of all the potentially redeemable awards and redeems the most encumbered first.

Claim 1 is not taught by Ikeda. Claim 1 states, “maintaining an encumbrance database that describes types of awards that cannot be redeemed at one or more suppliers.” Ikeda does not teach this element because in Ikeda all awards are equal, and therefore only one type of point may exist in the Ikeda system. Further, claim 1 states, “determining which of the allowed awards to redeem based on the encumbrance levels.” Ikeda does not teach this element. Because all awards are equal in Ikeda, it is impossible to distinguish between the redeemable points based on “encumbrance levels.” Each of these distinctions is discussed in turn below.

First, Ikeda does not provide for different types of awards. According to the system taught in Ikeda, if a store wants to block redemption of some points, it must block redemption of all points. Because the Ikeda system does not teach excepting some points while rejecting others, all points have the same spendability. This point is illustrated in Ikeda (see figure 9), where store E does not accept points from shops A, B, C, D, F, G, and H, all points are equally unredeemable. Therefore, in the Ikeda system only one type of award can exist regardless of the number of stores which choose not to participate in the points program.

Second, Ikeda does not provide for determining which awards to redeem based on encumbrance levels. The present invention teaches that, “encumbrance of awards is measured in

terms of restrictions on redeeming the awards at certain suppliers. Particularly, awards are encumbered is one or more suppliers will not accept them for redemption.”(Applicant’s Specification Pg.13 Ln.12). Under the Ikeda system all points will have the same encumbrances. Because the encumbering effect of a shop not participating in the points system is felt equally across all the points it is impossible for the Ikeda system to use the “encumbrance levels” of the points to determine which points to redeem. Therefore, Ikeda does not teach determination of which points to redeem based on encumbrance levels. Thus, when a user wishes to redeem a portion their points at a shop that accepts the points, there is no reason or basis for choosing one portion of the user’s points over another portion of the user’s points.

Furthermore, the Examiner has provided no showing as to why a person of ordinary skill in the art would have been motivated to modify the teachings of Ikeda to derive the claimed invention. At page 3 of the Office Action, the Examiner identifies some of the various steps described in the Ikeda reference and then concludes that "it would have been obvious to a person of ordinary skill in the art at the time the application was made, to know that Ikeda teaches an encumbrance database that describes types of awards (i.e. points) that cannot be redeemed at one or more suppliers (i.e. points earned in shop A cannot be redeemed at shop E) and also teaches that each store would have a point redeeming ratio that would be used to redeem points accumulated at other stores. This feature would allow customers to manage said customers’ earned awards and determine which suppliers would accept said customers’ awards." (Office Action at 3-4). The Examiner's statement that it would have been obvious to a person of

ordinary skill in the art to "know" what Ikeda teaches is irrelevant; persons of ordinary skill in the art are presumed to know the relevant prior art. There is no showing or explanation, however, as to why a person of ordinary skill in the art would have been motivated to employ and/or modify the teachings of Ikeda to derive the claimed invention.

Claim 2 is allowable because it is dependant on claim 1 which is believed to be allowable.

Claim 3 is allowable because it is dependant on claim 1 which is believed to be allowable.

Ikeda does not teach claim 4. Claim 4 states, "[t]he method of claim 1 wherein the type of award includes according to which promotion the award was earned." Ikeda does not evaluate points based on according to which promotion they are earned. Figure 8 of Ikeda does not contain information regarding which points were earned under which promotions. According to the Ikeda specification, "each time points are issued, the issue date(purchase date), effective term, number of points, issuing shop (where the customer buys the goods), and the value of the effective flag are stored." Ikeda makes no mention of storing information regarding promotions through which the points were earned. Further, as stated above Ikeda provides only one type of point level, and as such does not distinguish points based upon the promotions through which they were earned. Therefore, Ikeda does not teach claim 4.

Claim 5 is allowable because it is dependant on claim 1 which is believed to be allowable.

Ikeda does not teach claim 6. Claim 6 states, “[t]he method of claim 1 wherein the type of award indicates black-out dates on which the award cannot be redeemed.” The examiner has reasoned that “black-out dates” are obvious in light of expiration dates. Applicants respectfully disagree.

Ikeda teaches an “effective term” for its points system. This “effective term” is essentially an expiration date after which the points are no longer redeemable. However, this is the extent of Ikeda’s lesson; there is no mention of “black-out dates.” “Black-out dates” are designed for and serve entirely different purposes than expiration dates. Further, black-out dates may be available without an expiration date and vice versa . These two distinctions are taken in turn below.

The purpose of “black-out dates” is not to end the functional use of an award; rather, it is to limit the temporal period during which the award may be spent. The business reasoning behind the use of black-out dates can vary. For example, a business might not want to accept rewards points during peak periods, or might not want to accept points during periods when other offers are running. For example, a hotel might black-out the use of awards Thursday through Saturday while leaving the rest of the week intact in order to attract customers. Because more people typically travel during the weekend, a hotel could use the ability to spend points rather than money as an incentive for travelers to stay during the week.

By contrast, expiration dates do not allow these types of business strategies to be employed. Expiration dates are unrelated to the continuous ebb and flow of business cycles.

Rather, expiration dates are absolute ends that allow the business to be sure an award of a given type can no longer be used. Further, expiration dates can be used to give urgency to the shopping experience, a “use it or lose it” feeling. This simplistic ability to terminate an award is unrelated to the flexible business control provided by black-out dates.

Moreover, expiration dates are mutually exclusive of black-out dates. It is theoretically possible for an award to have black-out dates but no expiration date. For example, an award is good forever, but cannot be used at Hotel A Thursday through Saturday. This exclusivity can also work in the other direction; an award may expire but have no black-out dates.

Ikeda does not teach claim 7. Claim 7 states, “[t]he method of claim 1 wherein the type of award indicates a classification of the award.” Ikeda does not teach the “classification” of awards into various types due to the circumstances under which the points were earned. The present invention uses award “classification” to add another dimension of merchant control to the system. The “classification” of awards allows a merchant to further limit or expand the points available for redemption of a product beyond the scope of the encumbrance database. For example, a merchant might say, “Select goods, services, etc., might be redeemable only with ‘GOLD’ awards.” “GOLD” awards may have to have been earned in a certain manner which set them apart from all other “classifications” of awards. Therefore, a shop might not accept awards of any type other than “GOLD.” Figure 8 of Ikeda does not teach this dimension of the present invention. Ikeda does not teach a system that includes “classification” of points.

Ikeda does not teach claim 8 as amended. As amended claim 8 states, “maintaining an

encumbrance database that describes restrictions on redeeming types of awards.” Further, claim 8 states, “determining allowed awards that may be redeemed based on ... the types of the awards.” As argued above concerning claim 1, Ikeda does not teach different types of awards, and therefore Ikeda cannot teach “determining allowed awards that may be redeemed based on ... the types of the awards”, or “maintaining an encumbrance database that describes restrictions on redeeming types of awards.”

Claim 9 has been cancelled.

Ikeda does not teach claim 10. Claim 10 states, “[t]he method of claim 8 wherein determining which of the allowed awards to redeem is further based on the types of the allowed awards.” As stated above Ikeda does not teach different levels of awards. Therefore, Ikeda cannot teach “determining which of the allowed awards to redeem is further based on the types of the allowed awards.”

Ikeda does not teach claim 11. Claim 11 makes reference to “types of awards”, and under the Ikeda system there is only one type of award. This argument is made above concerning claim 1.

Ikeda does not teach claim 12. Claim 12 states, “[t]he method of claim 8 wherein the type of award depends on the promotion with which the award was earned.” As argued above concerning claim 4, Ikeda makes no mention of storing information regarding promotions through which the points were earned. Further, as stated above, Ikeda provides only one type of point level, and as such does not distinguish points based upon the promotions through which

they were earned. Therefore, Ikeda does not teach claim 12.

Claim 13 is allowable because it is dependant on claim 8 which is believed to be allowable.

Ikeda does not teach claim 14. Claim 14 states, “[t]he method of claim 8 wherein the type of award depends on black-out dates on which the award cannot be redeemed.” This argument is identical to the argument made concerning claim 6. Ikeda teaches expiration dates which are a completely separate business device than “black-out dates.”

Ikeda does not teach claim 15. Claim 15 states, “[t]he method of claim 8 wherein the type of award indicates a classification of the award.” This argument is identical to the argument made above concerning claim 7. Ikeda does not teach a classification system for awards.

Ikeda does not teach claim 16. Claim 16 makes reference to “types of awards”, and also states, “wherein determining which of the allowed awards to redeem is further based on the encumbrance levels.” First, as stated above in the argument concerning claim 1, Ikeda does not teach different types of awards. Under the Ikeda system there is only one type of award. Second, as stated above in the argument concerning claim 1, Ikeda teaches a system where stores may either participate or not participate in the points program. Because the effect of a store’s non-participation is felt on all points, all points are affected equally. Therefore, if all points are equally affected, it is impossible for Ikeda to teach “determining which of the allowed awards to redeem is further based on the encumbrance levels.”

Ikeda does not teach claim 17. Claim 17 states, “determining which of the allowed

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awards to redeem based on the encumbrance levels.” The argument for this claim is identical to the argument found above concerning claim 1.

Claim 18 is allowable because it is dependant on claim 17 which is believed to be allowable.

Ikeda does not teach claim 19 as amended. Claim 19 as amended makes reference to “types of awards.” Ikeda teaches only one type of award. This argument was made above concerning claim 1.

Claim 20 has been cancelled.

Ikeda does not teach claim 21. Claim 21 states, “[t]he system of claim 19 wherein determining which of the allowed awards to redeem is further based on the types of the allowed awards.” As argued above concerning claim 1, Ikeda does not teach different types of awards, and therefore Ikeda cannot teach “determining allowed awards if further based on the types of the awards.”

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Applicants submit that the present application is now in condition for allowance.

Reconsideration and favorable action are earnestly requested.

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